
HOUSE BILL No. 1548

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-22-8.1; IC 6-8.1-1-1; IC 6-10; IC 36-1-2-7.

Synopsis: Variable local option income taxes. Authorizes a taxing unit to impose variable local option income taxes to replace revenue lost to the local unit as a result of: (1) the application of the circuit breaker credit; or (2) the elimination of property taxes on real property wholly owned by individuals residing in the local unit where the individuals pay a variable local option income tax.

Effective: July 1, 2009; January 1, 2010.

Thompson

January 16, 2009, read first time and referred to Committee on Ways and Means.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1548

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-22-8.1, AS AMENDED BY P.L.3-2008,
2 SECTION 53, AND AS AMENDED BY P.L.146-2008, SECTION
3 251, IS CORRECTED AND AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JANUARY 1, 2010]: Sec. 8.1. (a) **Except for the**
5 **provisions in this section that relate to taxes imposed under**
6 **IC 6-10, which apply to statements issued after December 31, 2010,**
7 this section applies only to property taxes and special assessments first
8 due and payable after December 31, 2007.

9 (b) The county treasurer shall:

- 10 (1) mail to the last known address of each person liable for any
11 property taxes or special assessment, as shown on the tax
12 duplicate or special assessment records, or to the last known
13 address of the most recent owner shown in the transfer book; and
14 (2) transmit by written, electronic, or other means to a mortgagee
15 maintaining an escrow account for a person who is liable for any
16 property taxes or special assessments, as shown on the tax
17 duplicate or special assessment records;



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a statement in the form required under subsection (c). *However, for property taxes first due and payable in 2008, the county treasurer may choose to use a tax statement that is different from the tax statement prescribed by the department under subsection (c). If a county chooses to use a different tax statement, the county must still transmit (with the tax bill) the statement in either color type or black-and-white type.*

(c) The department of local government finance shall prescribe a form, subject to the approval of the state board of accounts, for the statement under subsection (b) that includes at least the following:

(1) A statement of the taxpayer's current **property taxes and special assessments** and delinquent:

(A) **property taxes;**

(B) **taxes under IC 6-10 for the taxing district where the property is located;** and

(C) special assessments.

(2) A breakdown showing:

(A) the total property tax and special assessment liability and the amount of the taxpayer's **property tax and special assessment** liability that will be distributed to each taxing unit in the county; **and**

(B) **the estimated total tax liability under IC 6-10 in the current calendar year of taxpayers in the taxing district where the property is located and the amount of the estimated liability that will be distributed to each taxing unit in the county.**

(3) An itemized listing for each property tax levy **and tax under IC 6-10**, including:

(A) the amount of the tax rate;

(B) the entity levying the tax owed; and

(C) **in the case of:**

(i) **property taxes and special assessments**, the dollar amount of the tax owed; **and**

(ii) **taxes under IC 6-10, the amount raised by each one-tenth of one percent (0.1%) in tax rate for the taxing district where the property is located.**

(4) Information designed to show the manner in which the:

(A) **property taxes billed in the tax statement;**

(B) **taxes imposed under IC 6-10 for the taxing district where the property is located;** and

(C) special assessments billed in the tax statement;

are to be used.

(5) A comparison showing any change in the assessed valuation

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for the property as compared to the previous year.

(6) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.

(7) An explanation of the following:

(A) ~~The Any~~ homestead credit and all property tax deductions.

(B) The procedure and deadline for filing for ~~the homestead credit and~~ each deduction.

(C) The procedure that a taxpayer must follow to:

(i) appeal a current **property** assessment; or

(ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.

(D) The forms that must be filed for an appeal or a petition described in clause (C).

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

(8) A checklist that shows:

(A) ~~the all~~ homestead credit and ~~all~~ property tax deductions; and

(B) whether ~~the any~~ homestead credit and ~~each~~ property tax deduction applies in the current statement for the property transmitted under subsection (b).

(9) A comparison showing:

(A) the aggregate tax rate under IC 6-10 for the previous calendar year and the aggregate tax rate under IC 6-10 in the current calendar year for the taxing district where the property is located;

(B) the total estimated tax revenue in the taxing district where the property is located for the previous calendar year and the total estimated tax revenue in the taxing district where the property is located for the current calendar year; and

(C) the percentage change in the tax rates and revenues for the taxing district where the property is located between

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the previous calendar year and the current calendar year.

(d) The county treasurer may mail or transmit the statement one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(e) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

(f) The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included in the statement under subsection (c).

(g) The information to be included in the statement under subsection (c) must be simply and clearly presented and understandable to the average individual.

(h) After December 31, 2007, a reference in a law or rule to IC 6-1.1-22-8 (*expired January 1, 2008, and repealed*) shall be treated as a reference to this section.

SECTION 2. IC 6-8.1-1-1, AS AMENDED BY P.L.95-2008, SECTION 15, P.L.131-2008, SECTION 27 AND P.L.146-2008, SECTION 358, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); *the type II gambling game excise tax (IC 4-36-9)*; the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); ~~the municipal option income tax (IC 6-3.5-8)~~; the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor

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carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); *the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1)*; the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); **a variable local income tax imposed under IC 6-10**; the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 3. IC 6-10 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

ARTICLE 10. VARIABLE LOCAL INCOME TAX

Chapter 1. Purpose; Application

Sec. 1. This article applies to all taxing units.

Sec. 2. The purpose of this article is to provide taxing units with an alternative source of tax revenue to do any combination of the following:

(1) To replace property tax revenue lost from the application of property tax circuit breaker credits granted under IC 6-1.1-20.6-7.5.

(2) To replace property tax revenue lost from the elimination of property taxes on real property other than property taxes imposed on real property in which one (1) or more of the following entities have a direct or an indirect interest:

(A) A corporation (except a corporation that is exempt from federal adjusted gross income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements in IC 6-3-4-13).

(B) A public utility company (as defined in IC 6-1.1-8-2).

(C) A trust that is not required by a trust agreement to distribute one hundred percent (100%) of its income to individuals who are beneficiaries of the trust.

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(D) An entity that is taxed as a corporation for purposes of the federal adjusted gross income tax.

(E) A corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code or a partnership (including a limited liability company) if the real property is not located where all of the shareholders, partners, or members are subject to tax under this article.

(F) One (1) or more individuals, if the real property is not located where all of the individuals are subject to tax under this article.

Sec. 3. This article applies only to:

(1) the replacement of property taxes imposed for an assessment date after January 15, 2010; and

(2) taxable years that begin after December 31, 2010.

Sec. 4. A tax imposed under this article is in addition to a tax imposed under any other law.

Chapter 2. Definitions

Sec. 1. The definitions in IC 6-3 and this chapter apply throughout this article.

Sec. 2. "Adjusted gross income" means adjusted gross income (as defined in IC 6-3-1-3.5(a)), except that in the case of a taxpayer who is a nonresident, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

Sec. 3. "Allocation area" has the meaning set forth in IC 6-1.1-21.2-3.

Sec. 4. "Budget year" means a calendar year.

Sec. 5. "Direct or indirect interest" includes the following:

(1) An interest as an owner of property.

(2) A beneficial interest in property resulting from a trust, guardianship, or other fiduciary relationship with an owner of property.

(3) An ownership or beneficial interest that through a chain of individuals or entities results in direct or indirect ownership or beneficial interest in property.

Sec. 6. "Impose" means the following:

(1) To establish a tax.

(2) To set a tax rate for a tax.

(3) To increase or decrease the tax rate for a tax.

(4) To otherwise change the terms or conditions of a tax.

Sec. 7. "Nonresident" means an individual:

(1) who is not a resident of Indiana on the residency

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determination date in the individual's taxable year; and
 (2) whose principal place of business or employment is located
 in Indiana on the residency determination date in the
 individual's taxable year.

Sec. 8. "Political subdivision" has the meaning set forth in
 IC 36-1-2-13.

Sec. 9. "Rainy day fund" refers to a rainy day fund established
 under IC 36-1-8-5.1 or IC 6-10-11-1.

Sec. 10. "Residency determination date" refers to the date in a
 taxpayer's taxable year on which the taxpayer's obligation to pay
 taxes imposed by a particular taxing unit is determined.

Sec. 11. "Resident" means an individual who is a resident of a
 taxing unit on the residency determination date in the individual's
 taxable year.

Sec. 12. "Tax" refers to an adjusted gross income tax imposed
 under this article.

Sec. 13. "Tax limit" refers to a tax limit imposed under
 IC 6-1.1-18.5-3 or any other law on the property taxes levied by a
 taxing unit.

Sec. 14. "Taxing district" means a geographic area within which
 property is taxed by the same taxing units and at the same total
 rate.

Sec. 15. "Taxing unit" means a political subdivision that has the
 power to impose an ad valorem property tax.

Sec. 16. "Taxpayer" refers to an individual who has tax liability
 under this article.

Chapter 3. Imposition of Tax

Sec. 1. A tax that is imposed under this article is imposed on the
 adjusted gross income of:

(1) each individual who, on the residency determination date
 for the individual's taxable year, is a resident of the taxing
 unit imposing the tax; and

(2) subject to this chapter, each individual:

(A) who is not, on the residency determination date for the
 individual's taxable year, a resident of any taxing unit in
 Indiana; but

(B) whose principal place of business or employment, on
 the residency determination date for the individual's
 taxable year, is located in the taxing unit imposing the tax.

Sec. 2. For purposes of this article, an individual shall be treated
 as a resident of:

(1) the taxing unit in which the individual maintains a home,

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1 if the individual maintains only one (1) home in Indiana;
 2 (2) if subdivision (1) does not apply, the taxing unit in which
 3 the individual is registered to vote;
 4 (3) if neither subdivision (1) nor (2) applies, the taxing unit in
 5 which the individual registers the individual's personal
 6 automobile; or
 7 (4) if neither subdivision (1), nor (2), nor (3) applies, the
 8 taxing unit in which the individual spends the majority of the
 9 individual's time in Indiana during the taxable year in
 10 question.

11 Sec. 3. The residence or principal place of business or
 12 employment of an individual is to be determined on January 1 of
 13 the calendar year in which the individual's taxable year begins. If
 14 an individual changes the location of the individual's residence or
 15 principal place of employment or business to another taxing unit
 16 in Indiana during a year, the individual's liability for the tax is not
 17 affected.

18 Sec. 4. A tax on a nonresident is imposed only on the part of the
 19 nonresident's adjusted gross income that is derived from the
 20 individual's principal place of business or employment.

21 Sec. 5. In the case of a resident of Perry County, the tax may not
 22 be imposed on the part of the individual's adjusted gross income
 23 that is:

- 24 (1) earned in a county that is:
 25 (A) located in another state; and
 26 (B) adjacent to the county in which the taxpayer resides;
 27 and
 28 (2) subject to an income tax imposed by a county, city, town,
 29 or other local governmental entity in the other state.

30 Sec. 6. A taxing unit's fiscal body may pass an ordinance (if the
 31 taxing unit is a county, city, or town) or a resolution (if the taxing
 32 unit is not a county, city, or town) to enter into reciprocity
 33 agreements with the taxing authority of a city, town, municipality,
 34 county, or other similar local governmental entity of any other
 35 state. A reciprocity agreement must provide that the income of
 36 Indiana residents is exempt from income taxation by the other
 37 local governmental entity to the extent that the income of
 38 nonresidents who reside in the other local governmental entity is
 39 exempt from the tax in the Indiana taxing unit entering into the
 40 agreement.

41 Sec. 7. A reciprocity agreement adopted under this chapter may
 42 not become effective until it is also:

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(1) adopted by the fiscal body of each of the other taxing units raising tax revenue in the same taxing districts as the taxing unit initiating the reciprocal agreement; and

(2) made effective in the other local governmental entity that is a party to the agreement.

Sec. 8. The form and effective date of any reciprocity agreement described in this chapter must be approved by the department of state revenue. Each adopting taxing unit shall certify the reciprocity agreement and any change in the reciprocity agreement to the department of state revenue.

Sec. 9. If for any taxable year a taxpayer is subject to different tax rates for the tax imposed in a taxing unit, the taxpayer's tax rate for the taxing unit and that taxable year is the rate determined in STEP FOUR of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede July 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow June 30 by the rate in effect after the rate change.

STEP THREE: Add the results determined under STEP ONE and STEP TWO.

STEP FOUR: Divide the STEP THREE result by twelve (12).

Sec. 10. If the tax is not in effect during a taxpayer's entire taxable year, the amount of tax that the taxpayer owes for that taxable year equals the product of:

(1) the amount of tax the taxpayer would owe if the tax had been imposed during the taxpayer's entire taxable year; multiplied by

(2) a fraction. The numerator of the fraction equals the number of days in the taxpayer's taxable year during which the tax was in effect. The denominator of the fraction equals the total number of days in the taxpayer's taxable year.

Sec. 11. (a) Except as provided in subsection (b), if for a particular taxable year a resident is liable for an income tax imposed by a county, city, or town located outside Indiana, that resident is entitled to a credit against the taxpayer's total tax liability imposed under this article for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the tax under this chapter. However, the credit provided by this section may not reduce a resident's tax

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liability under this article to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a resident to the extent that the other governmental entity provides for a credit to the resident for the amount of taxes owed under this article.

(c) To claim the credit provided by this section, a resident must provide the department of state revenue with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 12. (a) If for a particular taxable year a taxpayer is, or a taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or totally disabled under Section 22 of the Internal Revenue Code, the taxpayer is, or the taxpayer and the taxpayer's spouse are, entitled to a credit against the tax liability under this article for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the credit for the elderly or totally disabled for that same taxable year; multiplied by

(B) a fraction, the:

(i) numerator of which is the tax rate imposed under this article against the taxpayer or the taxpayer and the taxpayer's spouse; and

(ii) denominator of which is fifteen-hundredths (0.15); or

(2) the amount of tax imposed on the taxpayer or the taxpayer and the taxpayer's spouse.

(b) If a taxpayer and the taxpayer's spouse file a joint return and are subject to different taxing unit tax rates for the same taxable year, the taxpayer and the taxpayer's spouse shall compute the credit under this section by using the formula provided under subsection (a), except that they shall use the average of the two (2) tax rates imposed against them as the numerator referred to in subsection (a)(1)(B)(i).

Sec. 13. Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) deductions or exemptions from adjusted gross income;

(5) remittances;

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1 (6) incorporation of the provisions of the Internal Revenue
 2 Code;
 3 (7) penalties and interest; and
 4 (8) exclusion of military pay credits for withholding;
 5 apply to the imposition, collection, and administration of the tax
 6 imposed by this article.

7 Sec. 14. IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5,
 8 IC 6-3-4-4.1(g), IC 6-3-4-8.1(f), and IC 6-3-5-1 do not apply to the
 9 tax imposed by this article.

10 Sec. 15. Each employer, including an employer making
 11 payments by electronic funds transfer, shall report to the
 12 department of state revenue for each reporting period the amount
 13 of tax withholdings attributable to each taxing area. The report
 14 must be made before the later of:

- 15 (1) the time that an employer that is not making an electronic
- 16 funds transfer is required to pay to the department of state
- 17 revenue amounts withheld during the reporting period; or
- 18 (2) the date specified by the department of state revenue.

19 Sec. 16. A taxpayer required to file estimated or annual state
 20 adjusted gross income tax returns under IC 6-3-4-4.1, including
 21 taxpayers making payments by electronic funds transfer, shall file
 22 estimated tax returns and make payments of the tax imposed by
 23 this article to the department of state revenue at the time or times
 24 and in the installments specified under IC 6-3-4-4.1 for making
 25 estimated state adjusted gross income tax returns by taxpayers not
 26 making an electronic funds transfer.

27 Chapter 4. Adoption and Repeal of Tax

28 Sec. 1. The fiscal body of a taxing unit may adopt:

- 29 (1) in the case of a county, city, or town, an ordinance; or
- 30 (2) in the case of any other political subdivision, a resolution;
- 31 to impose a tax under this article to fund one (1) or both of the
- 32 purposes described in IC 6-10-1-2.

33 Sec. 2. A fiscal body of a taxing unit may repeal or otherwise
 34 reverse its decision to impose a tax to fund either or both of the
 35 purposes described in IC 6-10-1-2 by the same procedures
 36 applicable to the imposition of a tax.

37 Sec. 3. An ordinance or a resolution adopted under this article
 38 may be adopted at any time.

39 Sec. 4. An ordinance or resolution adopted under this article
 40 need not identify the tax rate at which the tax will be imposed. The
 41 fiscal body of a taxing unit must state in an ordinance or
 42 resolution:

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- (1) the purposes for which the tax is being imposed; and
- (2) that the rate shall annually be determined by the department of local government finance at the rate necessary to provide sufficient revenue to fund the purposes specified by the fiscal body.

Sec. 5. An ordinance or a resolution adopted under this article initially takes effect beginning with the second budget year after the date that the final vote is taken to adopt the ordinance or resolution. However, an ordinance or resolution that corrects a spelling, typographical, or clerical error in a previously adopted ordinance takes effect at the same time that the ordinance or resolution being corrected takes effect.

Sec. 6. An ordinance or resolution adopted under this article remains in effect until the date that an amendment or repeal by a subsequent ordinance or resolution takes effect under section 5 of this chapter.

Sec. 7. A copy of an ordinance or resolution adopted under this article must be certified to the department of local government finance, the department of state revenue, and the county auditor.

Chapter 5. Establishment of Tax Rate

Sec. 1. This chapter applies to a taxing unit if the taxing unit will have a tax in effect for a budget year. To the extent that IC 6-1.1-17 and IC 6-1.1-18 do not conflict with this article, the procedures in IC 6-1.1-17 and IC 6-1.1-18 apply to the establishment of tax rates, tax levies, and budgets and supplemental budgets related to a tax adopted under this article.

Sec. 2. Before July 2 in each year, the county fiscal officer shall send a certified statement to the fiscal officer of each taxing unit in the county containing the following information:

- (1) An estimate of taxes under this article to be distributed to the taxing unit during the last six (6) months of the current year.
 - (2) The:
 - (A) total taxable adjusted gross income in each of the preceding five (5) calendar years of individuals residing in the taxing unit; and
 - (B) total taxable adjusted gross income in each of the preceding five (5) calendar years derived from employment or business in the taxing unit by nonresidents whose principal place of business or employment is located in the taxing unit;
- as determined in conformity with the standards established by

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the department of local government finance.

(3) If the taxing unit has adopted a tax to replace revenue lost from the elimination of property taxes on real property, an estimate of:

(A) the net assessed value of real property in the taxing unit; and

(B) the net assessed value of real property that is located in the taxing unit and in which one (1) or more of the following entities have a direct or indirect interest:

(i) A corporation (except a corporation that is exempt from federal adjusted gross income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements in IC 6-3-4-13).

(ii) A public utility company (as defined in IC 6-1.1-8-2).

(iii) A trust that is not required by a trust agreement to distribute one hundred percent (100%) of its income to individuals who are beneficiaries of the trust.

(iv) An entity that is taxed as a corporation for purposes of the federal adjusted gross income tax.

(v) A corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code or a partnership (including a limited liability company) if the real property is not located where all of the shareholders, partners, or members are subject to tax under this article.

(vi) One (1) or more individuals, if the real property is not located where all of the individuals are subject to tax under this article.

(4) If the taxing unit has adopted a tax to replace revenue lost from the circuit breaker credits granted under IC 6-1.1-20.6, an estimate of the amount of revenue that will be lost to the taxing unit from the circuit breaker credits in the ensuing budget year if the taxing unit adopts the maximum permissible property tax under the tax limits applicable to the taxing unit, as determined under the standards established by the department of local government finance.

(5) Any other information at the disposal of the county fiscal officer that might affect the budget adoption process.

Sec. 3. In preparing budget estimates, a taxing unit's fiscal officer and fiscal body shall estimate the amount of the tax needed for each fund for the budget year.

Sec. 4. In the notice required under IC 6-1.1-17-3, a taxing unit

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shall include the following information:

(1) The amount of the budget for each fund that the taxing unit proposes to fund from taxes and the estimated tax rate necessary to raise the amount.

(2) The amount of the budget that will be funded from a distribution of the taxing unit's rainy day fund.

Sec. 5. Not later than the date on which the notice described in section 4 of this chapter is published, a taxing unit shall submit a copy of the notice to the county fiscal officer.

Sec. 6. In the hearing conducted under:

(1) IC 6-1.1-17-3; and

(2) IC 6-1.1-17-5 or IC 6-1.1-17-5.6;

a taxing unit shall consider public testimony concerning the part of the budget that the taxing unit proposes to fund from taxes.

Sec. 7. Ten (10) or more individuals or entities that could be subject to a tax under this article may object to a taxing unit's budget in the same manner as an objection may be filed under IC 6-1.1-17-5. The taxing unit shall make findings concerning an objection filed under this section in the same manner as the taxing unit is required to make findings to an objection filed under IC 6-1.1-17-5.

Sec. 8. The taxing unit's:

(1) budget; and

(2) tax levies;

must be adopted in conformity with IC 6-1.1-17-5 or IC 6-1.1-17-5.6, as applicable. The ordinance or resolution in which the tax levies are adopted must estimate the tax rates necessary to raise the tax levies and must separately state the tax levies and tax rates that are attributable to an excessive levy appeal.

Sec. 9. If the fiscal body does not fix a budget or specify the taxes needed to fund the budget before the date specified in IC 6-1.1-17-5 or IC 6-1.1-17-5.6 or any later date approved by the department of local government finance, the tax levy specified in the most recently adopted budget shall be treated as the tax levy adopted for the ensuing year.

Sec. 10. Each year, at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a taxing unit shall file with the county auditor of each county in which the taxing unit is located:

(1) a statement of the tax levy fixed by the taxing unit for the ensuing budget year and the estimated tax rate needed to raise the tax levy;

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(2) two (2) copies of the budget adopted by the taxing unit for the ensuing budget year; and

(3) two (2) copies of any findings adopted under section 7 of this chapter.

The county auditor shall present these items to the county board of tax adjustment at the first meeting of the county board of tax adjustment. If a taxing unit is located in more than one (1) county, the county determined under IC 6-1.1-17-7 has jurisdiction over the taxing unit's budget, tax rates, and tax levies.

Sec. 11. When a county board of tax adjustment or county fiscal officer reviews budgets, tax levies, and tax rates under IC 6-1.1-17-6, the county board of tax adjustment or county fiscal officer may accept, revise, or reduce the taxes, tax rates, and the part of the budget funded from taxes proposed by the taxing unit to enforce the tax limits imposed by law.

Sec. 12. A county board of tax adjustment or county fiscal officer shall notify the fiscal officer of each taxing unit of the action taken under section 11 of this chapter. The county board of tax adjustment or county fiscal officer shall issue its determination in the form of a written order. The written order shall be certified to the following:

(1) The affected taxing unit.

(2) The county fiscal officer for each county in which the taxing unit is located.

Sec. 13. In the notice required under IC 6-1.1-17-12, the county fiscal officer shall include the following information:

(1) The tax levy and estimated tax rate for each tax imposed under this article that will be in effect in the taxing area for the following year.

(2) A statement briefly describing the actions that the department of local government finance is empowered to take with respect to the tax levies, tax rates, and budget.

Sec. 14. The county fiscal officer shall forward a copy of each taxing unit's budget, estimated tax rates, and estimated tax levies to the department of local government finance along with notice of the actions taken by the county board of tax adjustment or county fiscal officer.

Sec. 15. Based on the taxes imposed by each taxing unit located in a taxing district, the department of local government finance, with the assistance of the budget agency and the department of state revenue, shall compute the appropriate aggregate tax rate for a taxing district. The part of the tax rate imposed in a taxing

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district for a taxing unit must be:

(1) uniformly applied to all taxing districts in which the taxing unit is located; and

(2) subject to section 16 of this chapter and after the application of revenue receivable in the budget year under IC 6-3.5 or another law for the purposes of providing credits against the property tax liability for which a tax is imposed under this article, computed by dividing the tax levy for the next calendar year in the taxing district by the total adjusted gross income for the prior calendar year in the taxing district.

Sec. 16. The department of local government finance may for one (1) or more budget years after a taxing unit adopts a tax under this article or changes a purpose for which a tax is imposed may impose a tax rate that reflects any part of a tax imposed on adjusted gross income that is earned in a budget year and will be collected after the close of the budget year. If a rate is set for a budget year under this section, the department of local government finance may include in the rate a sufficient amount to recover the estimated costs of issuing tax anticipation warrants repayable from taxes collected after the end of the budget year.

Sec. 17. Tax rates must be rounded to the nearest ten-thousandth of one percent (0.0001%).

Sec. 18. The department of local government shall base tax rate computations on the best information available to the department of local government finance at the time the computation is made.

Sec. 19. The department of local government finance may increase the part of a tax rate and levy imposed in a taxing district for a taxing unit above the rate and levy advertised by the taxing unit to raise sufficient revenue to meet the purposes of the tax.

Sec. 20. The department of local government finance shall certify the tax rates for a year to:

(1) each affected taxing unit;

(2) the county fiscal officer for the county where taxes must be raised;

(3) the department of state revenue; and

(4) the auditor of state;

before December 2 or as soon as practicable after December 1 of the year that immediately precedes the year in which a tax or a tax increase will take effect.

Sec. 21. A tax rate certified under this chapter takes effect on the later of January 1 or thirty (30) days after the tax rate is certified by the department of local government finance.

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Chapter 6. Distribution of Tax Revenue

Sec. 1. The department of state revenue shall separately account within the state general fund for the taxes imposed by each taxing unit in a manner sufficient to provide each affected taxing unit and the county board of tax adjustment or county fiscal officer with jurisdiction over the taxing unit with an accounting of the amounts collected under this article in the taxing area.

Sec. 2. The auditor of state shall distribute the taxes collected for a taxing unit each month to the fiscal officer of the taxing unit.

Sec. 3. The auditor of state shall make distributions under this chapter from the state general fund.

Sec. 4. The amount necessary to make the distributions required by this chapter is annually appropriated from the state general fund.

Sec. 5. The county auditor shall promptly allocate a distribution under this chapter to the taxing unit for which the tax was imposed.

Sec. 6. The auditor of state shall distribute as required by law for deposit in the appropriate special fund any tax revenue that is to be distributed to an allocation area.

Sec. 7. (a) This section applies if:

(1) a taxing unit's legislative body adopts an ordinance (if the taxing unit is a county, city, or town) or a resolution (if the taxing unit is not a county, city, or town) authorizing the distribution of part of the taxing unit's taxes to an assignee of the taxing unit; and

(2) the assignment is permitted by law.

(b) The auditor of state shall reduce the amount of a distribution made to a taxing unit by the amount that the taxing unit directs the auditor of state to distribute to an assignee of the taxing unit.

(c) A distribution under this section must be made to the assignee designated in the ordinance or resolution at the assignee's last known address, as submitted to the auditor of state by the executive of the taxing unit before the cutoff date specified by the auditor of state or as otherwise determined by law.

(d) A distribution under this section may be made not more than one (1) time each month. The distribution may be made only in the months specified in the ordinance or resolution. The distribution for a month may not exceed the amount that the taxing unit would otherwise be entitled to receive as a distribution in the month, after deducting all other distribution assignments.

Sec. 8. For purposes of making distributions of:

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1 (1) income taxes imposed under IC 6-3.5; and
 2 (2) excise taxes imposed under any law;
 3 that are distributed to a taxing unit based on the property tax levy
 4 imposed by the taxing unit and for complying with any law that
 5 sets appropriations, tax rates, or tax levies based on a calculation
 6 involving property taxes, taxes imposed under this article shall be
 7 treated as property taxes.

8 **Chapter 7. Credit Against Property Taxes on Real Property**

9 **Sec. 1. This chapter applies to property tax liability imposed on**
 10 **real property that is located in a taxing unit that has a tax that:**

11 (1) is in effect for a budget year in which the property tax
 12 liability is first due and payable; and

13 (2) was imposed for the purpose of replacing revenue lost
 14 from the elimination of property taxes on real property.

15 **Sec. 2. This chapter does not apply to property tax liability**
 16 **imposed on real property in which one (1) or more of the following**
 17 **entities has a direct or indirect interest:**

18 (1) A corporation (except a corporation that is exempt from
 19 federal adjusted gross income tax under Section 1363 of the
 20 Internal Revenue Code and that complies with the
 21 requirements in IC 6-3-4-13).

22 (2) A public utility company (as defined in IC 6-1.1-8-2).

23 (3) A trust that is not required by a trust agreement to
 24 distribute one hundred percent (100%) of its income to
 25 individuals who are beneficiaries of the trust.

26 (4) An entity that is taxed as a corporation for purposes of the
 27 federal adjusted gross income tax.

28 (5) A corporation that is exempt from income tax under
 29 Section 1363 of the Internal Revenue Code or a partnership
 30 (including a limited liability company) if the real property is
 31 not located where all of the shareholders, partners, or
 32 members are subject to tax under this article.

33 (6) One (1) or more individuals, if the real property is not
 34 located where all of the individuals are subject to tax under
 35 this article.

36 **Sec. 3. The owners of real property are entitled to a credit**
 37 **against the property tax liability imposed on real property. The**
 38 **credit is equal to one hundred percent (100%) of the ad valorem**
 39 **property taxes that would otherwise be first due and payable for**
 40 **the budget year in which a tax is in effect.**

41 **Chapter 8. Exchange of Information**

42 **Sec. 1. Forms, notices, ordinances, and resolutions required or**

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permitted under this article must be prepared and used in the form and in the manner approved by the state board of accounts.

Sec. 2. The department of state revenue shall establish a schedule for regularly providing information to affected taxing units, county boards, and county auditors concerning the following:

(1) The amount of tax collections.

(2) The status of pending tax assessments, including information concerning proposed assessments and potential refunds.

(3) The amount of refunds made to taxpayers.

(4) Transfers in and out of a taxing unit's account that are made to correct errors in the apportionment of taxes among taxing units.

(5) Other information that is necessary for the fiscal officer of a taxing unit to verify the amount of tax revenue that will be available to the taxing unit.

Sec. 3. The department of state revenue may enter into a confidentiality agreement with a county auditor or taxing unit to share otherwise confidential information under the terms determined by the department of state revenue.

Sec. 4. The department of state revenue, after reviewing the recommendations of the budget agency, shall establish a schedule to regularly provide revenue forecasts to county auditors and taxing units.

Sec. 5. The department of state revenue shall conduct a program to provide employers and taxpayers with adequate information for the employer or taxpayer to determine the:

(1) total tax rate that applies to a particular taxing district; and

(2) taxing district where taxpayers have an obligation to pay tax.

Chapter 9. Anticipation Loans

Sec. 1. A fiscal body for a taxing unit (by ordinance, if the taxing unit is a county, city, or town, or otherwise by resolution) may enter into temporary loans to meet the current running expenses of the taxing unit in anticipation of and not in excess of taxes imposed for a budget year.

Sec. 2. Temporary loans under this chapter must be evidenced by tax anticipation warrants of the taxing unit.

Sec. 3. An ordinance or resolution authorizing the issuance of tax anticipation warrants must:

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- (1) state the total amount of the issue;
- (2) state the denomination of the warrants;
- (3) state the date, time, and place payable;
- (4) state the rate of interest;
- (5) state the funds and revenues in anticipation of which the warrants are issued and out of which they are payable; and
- (6) appropriate and pledge a sufficient amount of those revenues to the punctual payment of the warrants.

Sec. 4. Tax anticipation warrants issued under this chapter may be for a term that extends to any date after the close of a particular budget year on which taxes imposed for the budget year are reasonably expected to be collected.

Sec. 5. Tax anticipation warrants and the interest earned on tax anticipation warrants issued under this chapter are exempt from taxation for all purposes.

Chapter 10. Bonds

Sec. 1. Notwithstanding any other law, if a taxing unit desires to issue obligations or enter into leases, payable wholly or in part from taxes, the obligations of the taxing unit or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

Sec. 2. A pledge of tax revenues under this article is enforceable in accordance with IC 5-1-14.

Sec. 3. With respect to obligations for which a pledge has been made under this article, the general assembly covenants with the taxing unit and the purchasers or owners of those obligations that this article will not be repealed or amended in any manner that will adversely affect the tax collected under this article as long as the principal of or interest on those obligations is unpaid.

Chapter 11. Rainy Day Fund

Sec. 1. A rainy day fund is established in each taxing unit that has not established a rainy day fund under IC 36-1-8-5.1. The balance of a rainy day fund does not revert at the end of a budget year to any other fund.

Sec. 2. An amount shall be annually budgeted from taxes equal to the amount necessary to establish or maintain a balance in each taxing unit's rainy day fund equal to five percent (5%) of the amount distributed to the taxing unit under this article in the immediately preceding budget year.

Sec. 3. A taxing unit shall deposit the amount appropriated under section 2 of this chapter in the taxing unit's rainy day fund. In addition, tax revenues distributed for a budget year in excess of

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1 the taxing unit's budget to be funded from taxes shall be deposited
2 in the taxing unit's rainy day fund.

3 **Sec. 4. The amount in a rainy day fund on the date in each**
4 **budget year specified by the department of local government**
5 **finance that exceeds five percent (5%) of the amount distributed to**
6 **the taxing unit under this article in the immediately preceding year**
7 **shall be used in the following budget year to maintain lower tax**
8 **rates in the new budget year than would otherwise apply if the**
9 **excess rainy day fund balance was not available.**

10 SECTION 4. IC 36-1-2-7, AS AMENDED BY P.L.227-2005,
11 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2009]: Sec. 7. "Fiscal officer" means:

- 13 (1) auditor, for a county not having a consolidated city;
- 14 (2) controller, for a:
 - 15 (A) consolidated city;
 - 16 (B) county having a consolidated city, except as otherwise
 - 17 provided; or
 - 18 (C) second class city;
- 19 (3) clerk-treasurer, for a third class city;
- 20 (4) clerk-treasurer, for a town; or
- 21 (5) trustee, for a township;
- 22 **(6) treasurer, for a school corporation; or**
- 23 **(7) individual authorized as the fiscal officer by law or the**
24 **political subdivision's fiscal body, for any other political**
25 **subdivision.**

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